

H. Gandy
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8 Encl.
June 13, 1963

P. B. H.

Auditor General
United States Air Force
Eastern District
New York Branch
111 East 16th Street
New York 3, N. Y.

Attention: Mr. S. J. Barkan, Resident Auditor

Gentlemen:

In accordance with your request we have considered changing our overhead rate submission to an annual basis instead of the current semi-annual submission for the Space and Defense Systems Division. Our current procedure of submitting at the end of June and the end of December requires only one audit of the two submissions and we feel this permits up-dating of provisional rates enabling us to close-out contracts, to evaluate the overhead absorption against closed-out jobs, and to avoid the delay incurred as a result of a single annual overhead rate. The current arrangement of two submissions with a single audit endeavor by the Air Force was resolved with the Auditor General's people and the Contracting Officer.

We also quote on a six month basis which dove-tails with the overhead rate submission dates. Our semi-annual submission to Procurement Officers as well as the Auditor General affords them an opportunity to be apprised more currently of how actuals are comparing with quoting rates.

We do not feel at the present time, it would be appropriate to change.

Very truly yours,

FAIRCHILD CAMERA AND INSTRUMENT CORPORATION

STATINTL

JWE/la

[Signature]
Assistant Comptroller

STATINTL

cc: *[Signature]*

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